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19 June 1959 NOT RELEASABLE TO FOREIGN I	0001311 6/23-RED
	In reply refer to:
	* # . · · ·
Attention:	
Subject: Contract Overrun on Task Orders 7 and 8	(Uncl.)
Gentlemen:	
additional funds, as set forth in Exhibit "A quired to complete these Tasks. Factors concondition are contained in Exhibits "B" and It is requested that the Deliver No. 8, in accordance with verbal authorization sentative, be amended as follows: 1 August 15 August 1959 for Field Unit. It is requested that the Deliver No. 7 be added to the contained of the cont	ntributing to this overrun "C". ry Schedule for Task Order ion of your technical repre- 1959 for Base Station and sted further, that the com-
All available contractual funds expended approximately 15 March 1959 and unproximately 1 May 1959.	
Accordingly, it is requested the amended as soon as possible to incorporate as set forth in Exhibit "A".	
Ve	ry truly yours,
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ADDITIONAL FUNDS REQUIRED TO COMPLETE TASK NO. 7

ESTIMATED COST SUMMARY

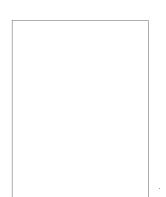
Actual Cost As of March 15, 1959

Estimated Cost to Complete

Total Estimated Cost

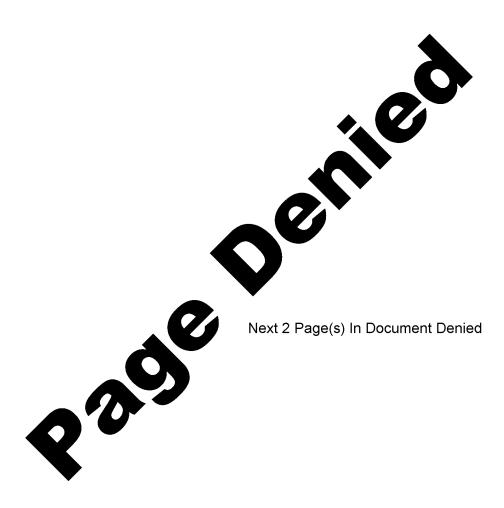
Cost on Contract

Total Estimated Overrun



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	At the time Contractor submitted his proposal for supplemental work under Task Order No. 7, agreement had been reached between representatives of the Government and regarding work	25X1
	of an extremely urgent nature. Included in the proposed work was re-work of six refurbishing of the base station and certain other work such as travel and training.	25X1
	The first two were to be delivered by 25 December and the four other units at a rate of one every two weeks. The schedule and estimated costs proved to be incompatible. In order to meet the recognized urgent schedule it was necessary to use overtime hours and second shift labor in unanticipated amounts.	25X1
	In addition, vendor furnished items were purchased with rapid delivery as a first consideration and cost only secondary. Thus, in many cases, items were procured at premium rates.	
	Although the estimated costs were considerably exceeded, the Contractor met the required delivery dates in a fully satisfactory manner at the risk of overrun which appears completely justifiable in view of the Government operational requirements.	

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EXHIBIT "C"

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TASK 8 OVERRUN

25X1 Task Order No. 8 of Contract No. required the design and construction of Base Station equipment consisting of Interrogate and Receive Terminals, in addition to two Field Units. During the course of this development, the expenditure on material and subcontracting exceeded that originally planned, whereas expenditures on labor have been 25X1 approximately as estimated. The accumulated overruns by two subcontractors, 25X1 alone account for approximately 25X1

furthermore, one other subcontractor failed to delivery com-

ponents whose quality was up to operational standards, thereby necessitating additional unplanned development work. Labor and material necessary for setting up two complete and

set of the contract. Certain high quality non-standard sub-miniature components were procured, using multiple sources, and were type tested for the best

different sets of operating frequencies was also unscheduled at the out-

available quality. This tecnique was found to be necessary as an expedient for obtaining the required high quality in the short development time.

Examples of minor contributing factors not included in the proposed work include construction of additional cabinets, construction of mock-ups, and one and one-half week's cooperation with other of your contractors.

Contractor has made considerable progress in completing the balance of the work to be done, and the estimated funding required for completion is approximately equal to the above mentioned unplanned expenditures.

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